



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.08

Voluntary Report - public distribution

**Date:** 8/8/2003

**GAIN Report Number:** IN3072

## India

### Agricultural Situation

### Weekly Highlights & Hot Bites, #32

2003

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**Report Highlights:**

\*Impediments to Indian biotech sector\*, \*India shows no movement in agricultural negotiations\*, \*Rice supply to exporters only from Punjab granaries\*, \*Ministry blocks integrated food law move\*, \*Biotech may generate over one million jobs\*, \*Government turns down FCI's proposal for direct grain exports\*, \*Minister of Food gifts damaged grains to sustain cattle in drought-struck areas\*.

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Includes PSD Changes: No

Includes Trade Matrix: No

Unscheduled Report

New Delhi [IN1]

[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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### **IMPEDIMENTS TO INDIAN BIOTECH SECTOR**

The success of biotechnology in India will largely depend on becoming the low cost center for innovation, reports a recent study by Ernst & Young. "It is imperative to evolve fiscal and regulatory policies that alleviate capital intensive research and manufacturing, long gestation timelines for product commercialization and investments in patenting and technology licensing," the report cited. The lack of venture capital, due in part from the long downturn in capital markets, is a continuing drag on India's emerging biotech sector. (Source: Financial Express, 08/04/03)

### **INDIA SHOWS NO MOVEMENT IN AGRICULTURAL NEGOTIATIONS**

In response to reported discussions between the US and EU to use a "hybrid formula" for tariff reductions in agriculture, an Indian Commerce official said "that irrespective of what the hybrid formula looks like, food and livelihood security will continue to be the cutting-edge of negotiations for India." Furthermore, India and other developing countries have insisted that they will determine what agricultural products would be subject to special safeguard mechanisms, rather than agreeing to some negotiated criteria for such products. (Source: Financial Express, 08/05/03)

### **RICE SUPPLY TO EXPORTERS ONLY FROM PUNJAB GRANARIES**

The government had stopped supplies of rice to exporters from all states except Punjab, as estimated rice stocks have fallen below the ceiling of 10 million tons. Despite this measure, authorities estimate that about 200,000 tons/month would be lifted from Punjab granaries, this month onwards. Official sources, allaying fears of depleting food stocks, said that the current lifting of rice for export is only up to a limited quantity, as the effective prices for export purposes were hiked on July 1, 2003. (Source: Business Standard, Economic Times 8/7/03)

### **MINISTRY BLOCKS INTEGRATED FOOD LAW MOVE**

The federal Health Ministry has thrown a spanner into attempts to evolve a common unified food law for India, by wanting to retain its Directorate of Prevention of Food Adulteration (PFA) and the laws administered by it. The group of ministers responsible for creation of an unified food law has had several meetings, but no discernible progress has been made.

Calling upon the government to set up a single agency governing a unified food law, a legal expert specializing in food opined that the current set of conflicting food laws neither caters to the interests of the industry nor the country. He also stressed the need for India to develop its own system of sanitary and phyto-sanitary measures not only to boost exports but also to block imports of sub-standard products into the country. (Source: Financial Express 8/4/03)

**BIOTECH MAY GENERATE OVER ONE MILLION JOBS**

According to experts, the domestic biotechnology industry, with a forecast turnover of \$9 billion during the next five years, is expected to generate employment for about 1 million scientists and engineers. Ms. Kiran Mazumdar Shaw - Chairperson of Biocon India Limited said, "Indian biotechnology industry is projected to achieve a turnover of \$4 billion due to the advantage of huge intellectual capital. The intellectual capital will consist of 3 million graduates, 700,000 postgraduates and 1,500 PhDs in biosciences and engineering." Ms. Shaw said that the mission of the domestic biotech industries is to build an integrated biotech sector that provides the nation with food security, affordable health care and environmental sustainability. (Source: Financial Express 8/8/03)

**GOVERNMENT TURNS DOWN FCI'S PROPOSAL FOR DIRECT GRAIN EXPORTS**

The government has turned down a Food Corporation of India (FCI) proposal to venture into direct exports, citing that there are other more important core tasks for FCI to implement properly. The proposal was suggested as part of a report submitted last month by the high-level committee on food grains export and import, headed by the FCI chairman. At present, FCI sells grains to exporters including state trading enterprises at pre-determined ex-warehouse prices fixed on a quarterly basis. During FY 2002/03 (Apr-Mar), FCI sold about 12.2 million tons of grains, including 5.4 million tons of wheat and 6.8 million tons of rice. (Source: Economic Times 8/8/03)

**MINISTER OF FOOD GIFTS DAMAGED GRAINS TO SUSTAIN CATTLE IN DROUGHT-STRUCK AREAS**

Sitting over a dump of about 100,000 tons of damaged grains, the government had decided to give it away as cattle feed in drought-hit areas. Announcing this in the parliament, the Minister of Food said that the Food Corporation of India (FCI) has an estimated 118,000 tons of damaged grains. The value of the damaged grains to be distributed free of cost for cattle feed is estimated at \$23 million. (Source: Financial Express 8/4/03)

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